ABSTRACT

The purpose of the study was to examine the impact of financial risk management on bank profitability of four listed banks at DSC using panel data analysis for a period of thirteen years (2010—2022). The data used was extracted from secondary data in the annual financial reports of the banks within the period of study. The data was analysed using Stata version 15. The coefficients of the Ordinary Least Squares (OLS) regression model were generated. The analysis discovered that bank size, a control variable, had a negative impact on bank profitability and was statistically significant at the 1% level, whereas capital adequacy had a positive impact on bank profitability at

the 5% significance level, credit ratio had a negative relationship with profitability but was statistically insignificant, and liquidity ratio had a positive effects but was statistically insignificant. The study concludes that capital adequacy ratio and firm bank size are vital in influencing bank profitability at DSE, and managers should pay more attention to these variables so as to elevate bank profitability in the long term. The study recommends that the management team strive for higher capital adequacy, use economies of scale based on the bank's size to generate more profits through efficient services, and ultimately maintain balanced liquidity to cater for the ability to cover financial shocks in the bank's operations as they arise